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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/676,318

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Scott Johnston

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EXAMINER

COLBERT, ELLA

ART UNIT

PAPER NUMBER

3624

DATE MAILED: 06/07/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/676,318

Applicant(s)

JOHNSTON ET AL.

Examiner

Ella Colbert

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 23 September 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-39 is/are pending in the application.
- 4a) Of the above claim(s) 24-38 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-23 and 39 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date <u>10/19/05</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. Claims 1-39 are pending. Claims 1-23 and 39 in Group I were elected without traverse and Claims 24-38 in Group II have been withdrawn in response to the Election/Restriction requirement of 09/23/05.
2. The EIDS of 10/19/05 have been considered.

Claim Objections

3. Claims 1-23 and 39 are objected to because of the following informalities: Claims 1-23 and 39 have part of the text missing in the claim. The Examiner can hardly determine what some of the words are supposed to be in the claim. Appropriate correction is required.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
5. Claims 1, 3-7, 9, 14-19, 22, and 39 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is unclear in claims 1, 3-7, 9, 14-19, 22, and 39 what the "threshold value" and "utilization data" is from the Specification, drawings, and in particular the claim language. Claim 1 (d) recites "product order in a manner determined by the derivative product order risk data ...". It is unclear what is meant by "in a manner determined by" in the claim language. Claim 14 has a similar problem. This is very vague and unclear.

Examination is done to the best of the Examiner's ability given the condition of the claims.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1-17 and 39 are rejected under 35 U.S.C. 103(a) as being unpatentable over (US 20020082967) Kaminsky et al, hereafter Kaminsky .

Claim 1. Kaminsky discloses, A method of processing derivative product orders at an exchange, the method comprising: (a) receiving derivative product order risk data including at least one threshold value corresponding to at least one order risk parameter (page 7, col. 1 [0084]-[0087]); (c) utilizing the derivative product order and a trader's current order risk utilization state to calculate utilization data (col. 1, page 7 [0087]-col. 2, [0105]); and (d) processing the derivative product order in a manner determined by the derivative product order risk data and the utilization data (page 7, col. 2 [0107]-page 8, col. 1, line 5)). Kaminsky does not specifically disclose receiving from a trader an order for a derivative product. However, Kaminsky does disclose receiving orders and analyzing the trade at page 7, col. 1 [0084]. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Kaminsky to include receiving the order for a derivative product in order to be able to calculate the utilization data and to know the trader's order risk.

Claim 2. Kaminsky discloses, The method of claim 1, wherein (d) comprises executing a portion of the derivative product order (col. 1, page 9 [0119]).

Claim 3. Kaminsky discloses, The method of claim 2, wherein the portion of the derivative product order includes the maximum number of contracts that do not cause the utilization data to exceed the threshold value (page 9, col. 1. [0121]- col. 2 [0122]).

Claim 4. Kaminsky discloses, The method of claim 2, wherein the portion of the derivative product order includes the minimum number of contracts that cause the utilization data to exceed the threshold value (page 8, col. 1 [0114] –col. 2 [0115]).

Claim 5. Kaminsky discloses, The method of claim 2, wherein the portion of the derivative product order includes the maximum number of trading units that do not cause the utilization data to exceed the threshold value (col. 1, page 9 [0121]-col. 2 [0115]).

Claim 6. Kaminsky discloses, The method of claim 2, wherein the portion of the derivative product order includes the minimum number of trading units that cause the utilization data to exceed the threshold value (page 8, col. 1 [0114] –col. 2 [0115]).

Claim 7. Kaminsky discloses, The method of claim 1, wherein (d) comprises canceling the order if the trader's order risk utilization state after executing the entire order would cause the threshold value to be exceeded (page 8, col. 2 [0117]).

Claim 8. Kaminisky discloses, The method of claim 1, wherein the at least one order risk parameter comprises delta (col. 1, page 8 [0109] –[0113]).

Claim 9. Kaminsky discloses, The method of claim I , wherein the derivative product risk order data received in (a) includes at least two threshold values

corresponding to at least two order risk parameters (page 8, col. 1 [0109] –col. 2 [0115]).

Claim 10. Kaminsky discloses, The method of claim 9, wherein the at least two order risk parameters comprise delta and gamma (page 8, col. 1 [0109]).

Claim 11. Kaminsky discloses, The method of claim 1, wherein the derivative product order risk data received in (a) includes at least three threshold values corresponding to at least three order risk parameters (page 7, col. 1 [0085]).

Claim 12. Kaminsky discloses, The method of claim 11, wherein the at least three order risk parameters comprise delta, gamma and vega (page 7, col. 1 [0085]).

Claim 13. Kaminsky discloses, The method of claim 1, further including comparing the order risk data to maximum and minimum rules set by the exchange (page 7, col. 1 [0088] –col. 2 [0105]).

Claim 14. Kaminsky discloses, The method of claim 1, further including receiving from the trader offset data for the derivative product order risk data and (d) comprises processing the derivative product order in a manner determined by the at least one threshold value, the utilization data and the offset data (page 9, col. 1 [0120] –col. 2 [0122]).

Claim 15. Kaminsky discloses, The method of claim 14, adjustment to the at least one threshold value wherein the offset data comprises an adjustment to the at least one threshold value (page 9, col. 1 [0120]).

Claim 16. Kaminsky discloses, The method of claim 1, wherein the derivative product order risk data includes at least two threshold values corresponding to one order risk parameter (page 8, col. 1 [0109]).

Claim 17. Kaminsky failed to disclose, The method of claim 16, wherein one of the at least two threshold Values represents a trader's threshold value and another one of the at least two threshold values represents a trader's employer's threshold value. It would have been obvious to one having ordinary skill in the art at the time of the invention to modify Kaminsky to have at least two threshold values to represent a trader's employer's threshold value because such a modification would in view of Kaminsky's threshold values (gamma, delta, and vega) allow Kaminsky to have a calculation that represents an employer's threshold value.

Claim 39. Kaminsky discloses, computer-readable medium containing computer-executable instructions for causing a match system to perform the steps comprising: (a) receiving derivative product order risk data including at least one threshold value corresponding to at least one order risk parameter (page 7, col. 1 [0084]-[0087]). However, Kaminsky does disclose receiving an order for a derivative product in col. 1, page 6 [0076]. It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Kaminsky to include receiving from a trader an order for a derivative product and to be able to calculate the utilization data and to know the trader's order risk. Kaminsky further discloses, (c) determining a trader's current order risk parameter utilization value (page 6, col. 2 [0082]); and (d) executing the derivative product order when the trader's current order risk

parameter utilization value does not exceed the threshold value (page 9, col. 1 [0121] – col. 2, line 26).

8. Claims 18- 23 are rejected under 35 U.S.C. 103(a) as being unpatentable over (US 20020082967) Kaminsky et al, hereafter Kaminsky in view of (US 2003/0097328) Lundberg et al, hereafter Lundberg.

Claim 18. Kaminsky discloses, The method of claim 1, wherein the order for a derivative product includes a corresponding hedge order and the utilization data includes an adjustment for the hedge order (page 1, col. 1 [0010]- col. 2, line 10).

Claim 19. Kaminsky failed to disclose, The method of claim 18, wherein (d) comprises excluding the order when the utilization data indicates the presence of the corresponding hedge order. Lundberg discloses, The method of claim 18, wherein (d) comprises excluding the order when the utilization data indicates the presence of the corresponding hedge order (page 2, col. 2 [0026]-0032]). It would have been obvious to one having ordinary skill in the art at the time of the invention to exclude the order when the utilization data indicates the presence of the corresponding hedge order and to modify in Kaminsky because such a modification would allow Kaminsky to have a delta hedge position of an option contract that changes the price of the underlying contract.

Claim 20. Kaminsky discloses, The method of claim 1. wherein the derivative product order comprises a variable defined derivative product order (page 6, col. 2 [0082])..

Claim 21. Kaminsky discloses, The method of claim 1, wherein the derivative product order risk data is set for a class of option contracts page 7, col. 1 [0087]).

Claim 22. Kaminsky discloses, The method of claim 1, wherein the class of option contracts includes option contracts that are based on the same underlying product (page 8, col. 1 [0109]).

Claim 23. Kaminsky failed to disclose, The method of claim 1, wherein the order in (b) includes a hedge order and (c) includes utilizing risk data of the hedge transaction to calculate the utilization data. Lundberg discloses wherein the order in (b) includes a hedge order and (c) includes utilizing risk data of the hedge transaction to calculate the utilization data (page 1, col. 1 [0007] –[0009]. It would have been obvious to one having ordinary skill in the art at the time of the invention to include a hedge order and (c) include utilizing risk data of the hedge transaction to calculate the utilization data and to modify in Kaminsky because such a modification would allow Kaminsky to trade the underlying contracts for each derivative contract to hedge the open position to arrive at a calculation of the utilization data.

Conclusion

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Makivic (US 6,061,662) disclosed hedges, parameters, delta, vega, and gamma, and underlying price and volatility.

Nordlicht et al (US 2002/0194115) disclosed a strike price and hedge fields, hedging, and underlying futures.

Inquiries

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ella Colbert whose telephone number is 571-272-6741. The examiner can normally be reached on Tuesday-Thursday, 6:30AM-4:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on 571-272-6747. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

May 29, 2006


ELLA COLBERT
PRIMARY EXAMINER